GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3120
ANSWERED ON:07.08.2015
Fall of Indian Rupee
Muddahanumegowda Shri S.P.;Reddy Shri Midhun;Suresh Shri Doddaalahalli Kempegowda

Will the Minister of FINANCE be pleased to state:

(a) whether the rupee has witnessed continuous depreciation against the US dollar during the current fiscal year;

(b) if so, the details thereof and the reasons therefor;

(c) extent to which the said fall in rupee is adversely affecting various sectors of the economy including trade and commerce, oil prices and Government subsidy on Kerosene and cooking gas; and

(d) the steps taken by the Government to prevent the fall of rupee including issuing NRI Bonds and Gold Bonds?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI JAYANT SINHA)

(a) & (b) The exchange rate of the rupee during last four months of 2015-16, month wise, and its appreciation /depreciation is given in the table below:
Table: Value of Rupee per US dollar and its Appreciation / Depreciation
Month Rs. per
US dollar* Appreciation (+) / Depreciation (-) of Rupee over the previous month (in per cent)
April 2015 62.75 (-) 0.5
May 2015 63.80 (-) 1.6
June 2015 63.86 (-) 0.1
July 2015 63.63 (+) 0.4
* Monthly average of RBI's Reference Rate. Source: Reserve Bank of India

During 2015-16, exchange rate of Indian rupee against US dollar has remained in the range of Rs. 62.7- 63.9 per US dollar. The variation in the value of rupee against US dollar in the recent months has been due to supply-demand imbalance in the foreign exchange market and the general appreciation of US dollar globally.
(c) The impact of exchange rate depreciation on different sectors of Indian economy depends on a number of factors like elasticity of exports and imports, relative prices of domestic and global products, etc. The softening of international commodity prices, particularly crude oil prices, notwithstanding the modest depreciation, will have favourable impact on trade and current account balances as well as macroeconomic stability. This may also reduce the Government subsidy outgo on, among others, kerosene and cooking gas.

(d) To limit the import of gold and to bring the stocks of gold in the mainstream economy, Government has announced the monetization of gold scheme in the Budget 2015-16, which will replace both the present Gold Deposit and Gold Metal Loan Schemes. The Government and the RBI are closely monitoring the emerging external position including exchange rate of the rupee and on an on-going basis calibrating policies or regulations to support robust macroeconomic outcome.